

Message Text

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21

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03

OMB-01 AID-05 /046 W

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P R 141105Z APR 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 5041

INFO AMEMBASSY LIMA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, ETRD, BR

SUBJECT: SOYBEAN INCENTIVES; CCC CREDITS

1. COUNSELOR PAULO DRYCEU PINHEIRO, CHIEF OF THE FOREIGN MINISTRY'S BASIC PRODUCTS DIVISION, TOLD EMBOFF ON APRIL 13 THAT PRESS LEAKS ABOUT THE "TARGET PRICE" SYSTEM FOR SOYBEAN EXPORTS WERE UNFORTUNATE, AND THAT THERE IS A "STRONG PROBABILITY" THAT THE "TARGET PRICE" IDEA WOULD BE ABANDONED. PINHEIRO SAID A MINISTERIAL-LEVEL MEETING WILL CONVENE TODAY TO "REASSESS" -ALTERNATIVE COURSES OF ACTION. THE AIM OF ANY NEW SYSTEM OF SUPPORT FOR SOYBEAN EXPORTS, HE SAID, WILL BE GRADUALLY TO ELIMINATE IPI, ICM, AND OTHER "DISTORTING" INCENTIVES.

2. PINHEIRO ALSO SAID THE USG IS BECOMING VERY "AGGRESSIVE" IN THE USE OF CCC CREDITS, PARTICULARLY IN LATIN AMERICAN MARKETS. HE SAID THE FOREIGN MINISTRY HAS LEARNED OF A \$28 MILLION CCC LOAN TO PERU FOR SOYBEAN OIL, CORN, AND WHEAT. THE CREDITS FOR WHEAT WERE "NO PROBLEM," HE POINTED OUT,

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BUT CREDITS FOR THE OTHER TWO PRODUCTS ARE "WORRISOME."

PINHEIRO ASKED WHAT IS THE CEILING, IF ANY, ON CCC CREDITS WORLDWIDE, AND WHAT ARE THE CRITERIA FOR GRANTING CREDITS. HE OBSERVED THAT BRAZIL MIGHT EVEN BE INTERESTED IN OBTAINING SUCH CREDITS FOR ITS WHEAT PURCHASES FROM THE U.S.

3. ACTION REQUESTED. EMBASSY CAN PROVIDE PINHEIRO WITH GENERAL INFORMATION ABOUT CCC PROGRAMS, BUT WOULD APPRECIATE GUIDANCE ON ANY SPECIFIC POINTS WE SHOULD MAKE TO PINHEIRO.

4. COMMENT: WE REGARD PINHEIRO'S REFERENCE TO "PRESS LEAKS" ABOUT THE TARGET PRICE SYSTEM AS TONGUE-IN-CHEEK. WE UNDERSTAND THAT CFP PRESIDENT VIANNA WAS INSTRUCTED AT THE SIMONSEN/PAULINELLI DINNER ON APRIL 2 TO WRITE AN ARTICLE FOR O ESTADO DE SAO PAULO DESCRIBING THE TARGET PRICE SYSTEM.
CRIMMINS

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 14 APR 1976
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Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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